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Author:
Williams, John H.

Title:
The technical side of the work of the chief...

Place:
[n.p.]

Date:
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Technical side of the work of the chief executive.

John H. Williams

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Columbia University
in the City of New York
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School of Business

Cat & Pam
Dec 11, 1931 DA/HEC

THE TECHNICAL SIDE OF THE WORK OF THE CHIEF EXECUTIVE.

SCHOOL OF BUSINESS LIBRARY

Abstract of address of John H. Williams, Taylor Society, Dec. 2, 1921, New York.

D235
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The position of the chief executive is the most important and at the same time the least understood of all positions in industry.

To the employee it means power and the right of decision and in fact the very derivation of the word implies a certain divine right smacking of what the public once attributed to kings.

To the Chief it only too often means that he is the hardest worked man in the world and that unless he is everlastingly on the job looking after and watching everything, the business will go to pieces.

It really means those things which through circumstances and environment the person in question happens to identify with the position of Chief.

This means that even if we have the man best suited both in temperament and ability for the position of Chief, we are still largely dependent upon the circumstance of his environment for what he will do with his ability, and this is as it must continue to be until the position of the Chief is subjected to the same analysis and specification to which other positions have been subjected. When we have established a standard, something to live up to, our chief executives will be as good as their ability.

It is not long ago that most Chiefs considered that one of their prime functions was to sign checks and even today we find many of them who, while having a daily report of cash receipts and disbursements and bank balances, have absolutely no daily information concerning the vital factors constituting the sources from which cash flows.

While there has been a vast deal written and said about leadership, inspiration, personnel, cooperation, coordination, organization and the like, it is usually written or discussed from the viewpoint of the executives in immediate charge of these functions, and we find but little from the viewpoint of the Chief in his coordinated relation to them as constituting a whole.

The fact is, most chief executives feel unduly embarrassed in asking and taking advice concerning their own functioning from any one short of a Chief, and discretion on the part of one assistant or lack of interest or disposition on the part of another, makes this a poor source of learning.

What I want to put before you tonight is the fact that the job of the chief executive is just as concrete as the job of the production or sales manager, purchasing agent, cashier, bookkeeper, or for that matter the telephone operator.

These positions are not exactly alike in any two enterprises or even in any two branches of a parent company, but they are today fairly well defined both in principles and methods and there is little difficulty in adjusting these principles and any given method to the exigencies of each different case.

INTENTIONAL SECOND EXPOSURE

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Dec 11, 1931 DA/HEC

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Not only this, but there are reliable sources of information concerning these principles and at least several different methods, and there is constant discussion and give and take among the executives charged with responsibility in these matters. It is hardly too much to say that it is one's own fault if information on these subjects and opportunity to discuss them are lacking.

The idea has been uppermost in some of our minds for the past several years that the same sort of information and opportunity to discuss the functions of the chief executive should be provided and the success of our sales division, started a year ago, inspired us with the idea of starting a chief executives' division. All were agreed at the last meeting of the Board of Governors of the Society as to the desirability of such a division. In fact a committee was appointed of which I was made chairman, to prepare a program for its first session. I regret to say that the committee has reached no conclusions up to the present time.

Our difficulty has been in getting a clearly defined idea as to the exact field which such a proposed section should cover. Some feel that it should include the functions of the comptroller, others the functions of the treasurer, and others, of whom I am one, think it should include the functions of every major executive, but always from the viewpoint of the Chief.

Some, while recognizing the difference in the viewpoint between the Chief and a major executive, are unable to see that this difference is sufficient to warrant separate discussion. Quite a number, especially the accountants, are unable to see anything in what is suggested other than administrative accounting.

Because of these differences of opinion, and the impossibility of disposing of them through argument, I have undertaken to submit to you a brief of what I see in the position of the chief executive, its duties and its responsibilities, and primarily a scientific procedure for the coordination of the work of the organization as a whole and the expressing of the controlling factors in terms of causes, effects and responsibilities and then to leave it to you to see if these things suggest a field for investigation and development along sufficiently different lines from those we have been following to warrant the establishment of a new section of the Society.

So that you may be able to follow the purpose of and appraise the methods which I am going to show you tonight, it is necessary that you shall know the ultimate objectives of the position of the chief executive as I see them. They are as follows:

First of all, let me remind you that the function of the stockholders and directors is legislative, whereas that of the Chief is executive.

A stockholder or director that executes or a Chief that legislates is a failure.

Now the Chief, as I see him, is the neck of the bottle of authority and responsibility represented by his directors and accordingly his function is:

1. To interpret the policies of the stockholders and directors in terms of the concrete problems of the enterprise.

2. To develop its objectives and from time to time to suggest such changes or modifications in such objectives as may be to its interest.

3. To select, appoint and maintain the necessary major executives for the conduct of its affairs.

4. To present these objectives, changes or modifications to the major executives and to work out with them a plan for their accomplishment evidenced by a budget expressed in terms of men, money and things and subdivided according to the responsibilities for its execution.

5. To constitute an ever-ready sympathetic and informed counsellor to the major executives and to help them to adjust such differences as may arise between them.

6. To keep them informed as to each others accomplishments and help them to see themselves and their function as part of a whole which is greater than any one of them.

7. To follow up and appraise the work of each in terms comparable with those of their separate budgets and to help them to see themselves and their work as their associates see them.

You will notice I have said nothing with reference to the issuing of orders or settling of disputes, or in fact the dealing with detailed things at all, as part of the function of the chief executive. This is because, to my mind, they have no place in his duties as Chief. If a business is small, and he should perform any such service, it should never be permitted to be confused with his service as Chief.

It is often said that the ability to judge and select men is the greatest attribute of a chief executive, and in the sense of the word chief and omitting the word executive this is true, but such a man depends largely upon the executive ability of those whom he selects rather than himself for the direction of his affairs. What I want to dwell upon tonight is methods and this necessarily means executive.

I want you to keep this in mind because I would not wish to be understood to belittle the man who has the ability to select others to do his work for him. Beyond all question, provided the organization which he serves is big enough, he is the most valuable man the organization can have, but I think it is a mistake to call him chief executive.

This title to my mind conveys responsibility as well as authority, and no man can be effectively responsible for that which is beyond his individual control. The mere right to hire and fire does not carry with it the guidance which is implied in effective control which is the basis of all direct responsibility and the essence of the function of the chief executive.

The position of the chief executive has two distinctive phases:

A. Its scope and objective.

B. Its means and methods.

Now this latter phase is the one which we are going to discuss tonight, and the only reason I outlined its scope and objective is because without at least a statement of this, we cannot judge of the effectiveness of the methods which I am about to present.

The reason for confining this evening's talk to methods is solely because there is not time enough in one evening to deal with both.

Methods have been chosen because they are the least understood, and because without method there can be little hope of accomplishment regardless of the wisdom of the plan or the spirit of its execution.

There has been a great deal of talk in the last few years of policies, personnel, coordination, cooperation, organization, and the like, but there has been a woeful lack of talk of method.

In saying this, I want to be sure you know what I mean by methods.

Probably I should say "means" instead of "methods" for what I mean by methods is a means whereby all the facts may be made available.

Policies and plans may be coordinated and expressed, results recorded, and causes and responsibilities traced.

There is probably no one thing that I shall show you tonight of which you have not seen the equivalent. The question which I wish to awaken in your mind is how often have you seen them in the relation to each other that I shall put them and in their application to the function of the chief executive.

If you look at any one thing I show you as separate and divorced from all that I show you, you will be seeing something other than what I am in any way interested in showing you. It is only in proportion to your understanding of all that I show you as a whole, that I have succeeded in conveying to you what is in my mind.

It is only natural that a Chief shall attack his problem in the terms of the information which he has concerning it. If he knows only details, he will interest himself with details. If these details are unrelated, he must deal with them separately and coordination is impossible. On the other hand, the same man with no more ability, if his information is in common terms and always with reference to causes and responsibilities, cannot fail to make the most of such ability as he has.

What I am going to show you may seem to some of you very much like what you ordinarily call accounting, but if you will follow closely you will see that while it is accounting in the sense of being a product of accumulated records, it is essentially different from any accounting that you have seen conceived and directed by any one short of the Chief in the best meaning of the word.

What do I mean by this? - I mean that no one short of having an all-inclusive knowledge of a business could devise records that coordinate and unify every phase and activity of a business not only in terms of causes and effects but also in terms of responsibilities.

SUBDIVISIONS OF COST FOR PURPOSES OF OPERATING STANDARDS.

Fixed Cost	$120,000.00 per month
Variable Cost	.80 per dollar of sales
Contribution to Fixed Cost or Profit	.20 per dollar of sales at list
	1.00

DEFINITION.

Fixed Cost - That part of cost which exists irrespective of fluctuations in volume of business within a range of the smallest volume of business which there is reasonable probability of doing up to the practical capacity of the plant.

As - rent - depreciation - salary of executives and a minimum number of accountants and clerks - payroll for shop superintendents, foremen, watchmen, etc. - property and corporation taxes - interest on funded debt - etc.

It should represent only such items and parts of items as are regarded as essential to the conduct of the business at the established minimum volume and are independent of fluctuation because of increase or decrease in volume of business.

Variable Cost - That part of cost which should vary in proportion to the volume of business done.

As - materials - direct wages - supplies - upkeep - salary of minor executives, accountants and clerks - payroll of assistant shop superintendents, foremen, etc. - income taxes - interest on floating debt - stock dividends - etc.

It should represent only such items and parts of items as are not essential to the functioning of the business on the basis of the established minimum.

Under conditions of a falling volume these items should constitute a schedule for curtailments.

The Total Cost for any given volume of business is the Fixed Cost plus the percent of Variable Cost of the volume of business done. In other words, the percent of Variable Cost applies to the whole volume and not merely to the excess over the established minimum.

Contribution to Fixed Cost or Profit - The difference between the Variable Cost and sales value at list.

EXAMPLE.

Assuming conditions as above indicated:

How much business would it be necessary to do to break even?

If certain economies were effected which reduced the Fixed Cost $40,000., how much business would it be necessary to do to break even?

If, instead of the economies in Fixed Cost, the Variable Cost was reduced to 70% on each dollar of sales, how much business would it be necessary to do to break even?

PERCENT PROFIT ON A GIVEN VOLUME OF BUSINESS IS NOT A SAFE GUIDE FOR APPRAISAL OF AN INDUSTRY

- - - -

THE FOUR FOLLOWING BUSINESSES ALL HAVING THE SAME PROFIT OF $3,000,000 on $30,000,000 OF BUSINESS YET HAVE VERY DIFFERENT POTENTIALITIES IN THE EVENT OF INCREASE OR DECREASE OF BUSINESS

Four Different Businesses	A	B	C	D
% Contribution to Fixed Cost or Profit	20	30	40	50
ALL EARN $3,000,000 ON $30,000,000 BUSINESS				
Variable Cost	24.000.	21.000.	18.000.	15.000.
Fixed Cost	3.000.	6.000.	9.000.	12.000.
Profit & Loss	3.000. P	3.000. P	3.000. P	3.000. P
Sales	30.000.	30.000.	30.000.	30.000.
DIFFERENT BREAKING POINT IN EACH CASE				
Variable Cost	12.000.	14.000.	13.500.	12.000.
Fixed Cost	3.000.	6.000.	9.000.	12.000.
Profit & Loss	0.	0.	0.	0.
Sales	15.000.	20.000.	22.500.	24.000.
IF BUSINESS FALLS TO $25,000,000				
Variable Cost	20.000.	17.500.	15.000.	12.500.
Fixed Cost	3.000.	6.000.	9.000.	12.000.
Profit & Loss	2.000. P	1.500. P	1.000. P	500. P
Sales	25.000.	25.000.	25.000.	25.000.
IF BUSINESS INCREASES TO $35,000,000				
Variable Cost	28.000.	24.500.	21.000.	17.500.
Fixed Cost	3.000.	6.000.	9,000.	12.000.
Profit & Loss	4.000. P	4.500. P	5.000. P	5,500. P
Sales	35.000.	35.000.	35.000.	35.000.

THE BEST BUSINESS

The lowest Variable Cost consistent with a breaking point below the smallest volume of business which there is reasonable probability of doing.

ORGANIZATION CHART

X X X

President and General Manager

- Manager Distribution
  - Mgr. Commodity A Sales
    - Manager Branches
    - Manager Jobbers
    - Manager Export
  - Mgr. Commodity B Sales
    - Manager Branches
    - Manager Jobbers
    - Manager Export
  - Mgr. Sales Information
  - Mgr. Advertising
  - Mgr. Merchandise
- Manager Commodity A Coordination
- Manager Commodity B Coordination
- Manager Development
- Manager Personnel
- Manager Internal Relations
- Manager Purchasing
- Manager Finance
- Manager Accounting
- Manager Credits
- Manager Production
  - Mgr. Shops
  - Mgr. Routing
  - Mgr. Cost
  - Mgr. Stores
  - Mgr. Maintenance

GENERAL LEDGER ACCOUNTING CLASSIFICATION
FOR
OPERATING ACCOUNTS

X X X

President and General Manager
Manager Commodity A Coordination
Manager Commodity B Coordination
Manager Development
Manager Personnel
Manager Internal Relations
Manager Purchasing
Manager Finance
Manager Accounting
Manager Credits

Manager Production
Manager Shops
Manager Routing
Manager Cost
Manager Stores
Manager Maintenance

Manager Distribution
Manager Sales Information
Manager Advertising
Manager Merchandise
Manager Commodity A Sales
Manager Commodity A Branches
Manager Commodity A Jobbers
Manager Commodity A Export
Manager Commodity B Sales
Manager Commodity B Branches
Manager Commodity B Jobbers
Manager Commodity B Export

COMMODITY A 1

MATERIAL & DIRECT LABOR COST TO LIST PRICE

Revised to _____

Item	Quan.	List Price		Materials		Direct Labor		Mat. & Labor To List
		Unit	Total	Unit	Total	Unit	Total	
Com. A 1 A	25,739	1.85	$47,617.15	.6675	$17,180.78	.3448	$8,874.81	54.72
" A 1 B	95,390	1.70	162,163.00	.5857	55,869.92	.3411	32,537.53	54.51
" A 1 C	101,510	1.55	157,340.50	.4761	48,328.91	.3372	34,229.17	52.47
" A 1 D	15,915	1.70	27,055.50	.5858	9,323.01	.3356	5,341.07	54.20
" A 1 E	5,773	1.45	8,370.85	.4704	2,715.62	.3078	1,776.93	53.66
" A 1 F	31,238	1.35	42,171.30	.3652	11,408.12	.3056	9,546.33	49.69
	275,567		444,718.30		144,826.36		92,305.84	
					32.50 To List		20.80 To List	

COMMODITY SUMMARY

MATERIAL & DIRECT LABOR COST TO LIST PRICE

Revised to _____

Item	Value Product	Material Cost Amount	Material Cost %	Labor Cost Amount	Labor Cost %	Mat. & Labor To List
Com. A 1	$444,718.	$144,826.	.325	$ 92,305.	.208	.5330
" A 2	300,000.	84,174.	.280	54,000.	.180	.4600
" A 3	150,000.	43,000.	.260	25,500.	.170	.4300
" A 4	105,282.	31,000.	.290	20,195.	.190	.4800
" A 5	1,200,000.	400,000.	.330	252,000.	.210	.5400
" A 6	1,800,000.	600,000.	.330	360,000.	.220	.5300
" A 7	500,000.	130,000.	.260	110,000.	.220	.4800
" A 8	1,500,000.	405,000.	.270	345,000.	.230	.5000
" A 9	2,000,000.	440,000.	.220	360,000.	.180	.4000
" A 10	3,000,000.	1,040,000.	.350	390,000.	.130	.4800
" A 11	3,500,000.	605,000.	.170	595,000.	.170	.3400
" A 12	2,000,000.	700,000.	.300		.160	.4600
		etc. & etc.				
Com. B 1	4,000,000.	1,817,000.	.450	850,000.	.210	.6600
" B 2	1,000,000.	400,000.	.400	250,000.	.250	.6500
" B 3	500,000.	75,000.	.150	250,000.	.500	.6500
" B 4	1,500,000.	300,000.	.200	340,000.	.230	.4300
" B 5	1,000,000.	160,000.	.160	500,000.	.500	.6600
" B 6	500,000.	125,000.	.250	206,000.	.180	.4300
		etc. & etc.				
Total	$30,000,000.	$9,000,000.	.300	$6,000,000.	.200	.5000

ORGANIZATION UNIT Manager Commodity A Jobbers.

LEDGER A/C Manager Commodity A Jobbers.

SCOPE OF EXPENDITURE Supervision & Direction of Sales of Commodity A to Jobbers.

BASIS - MINIMUM SALES AT LIST $7,000,000 MAXIMUM SALES AT LIST $14,000,000.

STANDARD - FIXED COST PER MONTH $8,333. CVARIABLE COST .1150% OF SALES AT LIST

DATE MADE 12/5/20 BY H. E. C. APP. C. L. B. AUTHORIZED L. P. K.

Items	Cost for Minimum Sales				Cost for Maximum Sales			
	Emplymt	Physical	Service	Total	Emplymt	Physical	Service	Total
Jobbers Discount 10%			700.0	700.0			1.400.0	1.400.0
Bad Debts 0.1%			7.0	7.0			14.0	14.0
Rebates & Allow 0.1%			7.0	7.0			14.0	14.0
1 Manager	12.0			12.0	12.0			12.0
3 Ter. Supervisors	15.0			15.0	15.0			15.0
4 Secretaries	7.0			7.0	7.0			7.0
5-10 Clerks	8.0			8.0	16.0			16.0
1-2 Boys	.5			.5	1.0			1.0
9-12 Salesmen	45.0			45.0	60.0			60.0
Off. Supplies-Stores		1.0		1.0		1.5		1.5
" " Special		2.0		2.0		3.0		3.0
Job.Sales Literature		30.0		30.0		48.0		48.0
Postage			3.0	3.0			6.0	6.0
Telegraph			2.0	2.0			4.0	4.0
Sales Travel			22.0	22.0			29.0	29.0
Executive Travel			5.0	5.0			5.0	5.0
Sales Bonuses	21.0			21.0	42.0			42.0
Executive Bonuses	14.0			14.0	28.0			28.0
Miscellaneous			3.5	3.5			4.5	4.5
Total	122.5	33.0	749.5	905.0	181.0	52.5	1.416.5	1.710.0

Employment - Salaries, commissions and bonuses of every kind from chief executive to laborer or office boy when paid to an individual regularly employed by the company.

Physical - All physical things purchased outright and consumed or disposed of in the conduct of the business, as raw and manufactured materials, supplies, printed matter, office stationery, etc.

Service - All items in the nature of service rendered by others than regular employees of the company, as royalties, rents, interest, discount, telephone, telegraph, transportation, food, lodging, etc.

Caution - In determining both the items and amounts in making of budgets, avoid the natural tendency to prediction. Keep constantly in mind the essential fact that your task is to set a standard of what can and should be done rather than what will be done. Avoid reference to past experience until you have first determined tentative standards on the basis of practical possibility. Past experience should be used as a test and not as a basis.

OPERATING STANDARDS - For Period January 1st, 1921 to_____

(Expressed in Thousands)

	Range				Cost Standards		
	Minimum		Maximum		Fixed		Percent
	Sales	Cost	Sales	Cost	Year	Month	Variable
						(Dollars)	
Pres.& Gen.Mgr.							
Com. A Cor.							
Com. B Cor.							
Development							
Personnel							
Int. Relations							
Purchasing							
Finance							
Accounting							
Credits							
MANAGEMENT	T	2.800.	T	3.100.	2.500.	208.333.	.0200
Production							
Shops							
Routing							
Cost							
Stores							
Maintenance							
PRODUCTION	T	2.950.	T	3.400.	2.500.	208.333.	.0300
Distribution							
Sales Infor.							
Advertising							
Merchandise							
DSTRBTN. OV.HD.		.635.		1.070.	.200.	16.667.	.0290
Com. A Sales	9.250.	19.	18.500.	28.	10.	.833.	.0010
Com. A Bran.	2.000.	.490.	4.000.	.770.	.210.	17.500.	.1400
G Com. A Jobb.	7.000.	.905.	14.000.	1.710.	.100.	8.333.	.1150
Com. A Exp.	.250.	57.	.500.	94.	20.	1.667.	.1480
Com. B Sales	5.750.	16.	11.500.	22.	10.	.833.	.0010
Com. B Bran.	4.000.	.840.	8.000.	1.280.	.400.	33.333.	.1100
Com. B Jobb.	1.000.	.175.	2.000.	.330.	20.	1.667.	.1550
Com. B Exp.	.750.	.113.	1.500.	.196.	30.	2.500.	.1107
DISTRIBUTION	T	3.250.	T	5.500.	1.000.	83.333.	.1500
F MATERIAL	T	4.500.	T	9.000.	0.		.3000
F DIRECT LABOR	T	3.000.	T	6.000.	0.		.2000
FOOTING	15.000. (A)	16.500. (B)	30.000. (C)	27.000. (D)	6.000. (E)	500.000. (F)	.7000 (G)

Percent Variable Cost - D minus B - divided by - C minus A

Fixed Cost - B - minus - A multiplied by G

Proof - C multiplied by G - plus - E - should equal D

ORGANIZATION UNIT Manager Commodity A Jobbers. LEDGER A/C Manager Commodity A Jobbers

SCOPE OF EXPENDITURES Supervision & Direction of Sales of Commodity A to Jobbers

VARIATION IS FROM STANDARD OF 8.333.000 PER MONTH FIXED COST AND .1150 PERCENT VARIABLE COST

Months	Sales		Cost		Standard		Variation to Date			
							Good		Bad	
	Month	To Date	Month	To Date	Month	To Date	Amount	Percent	Amount	Percent
Jan.	1.000.000	1.000.000	122.333	122.333	123.333	123.333	1.000	.0010		
Feb.	1.000.000	2.000.000	126.333	248.666	123.333	246.666			2.000	.0010
Mch.	750.000	2.750.000	98.583	347.249	94.583	341.249			6.000	.0022
Apr.	1.000.000	3.750.000	128.333	475.582	123.333	464.582			11.000	.0030
May	750.000	4.500.000	100.583	576.165	94.583	559.165			17.000	.0038
June	1.000.000	5.500.000	128.333	704.498	123.333	682.498			22.000	.0040
July	500.000	6.000.000	76.833	781.331	65.833	748.331			33.000	.0055
Aug.	1.000.000	7.000.000	129.333	910.664	123.333	871.664			39.000	.0056

OPERATING STATEMENT - 7 Months to August 31st, 1921

(Expressed in Thousands)

	Sales At List	Cost		Variation		Percent Variable Cost	
		Actual	Standard	Good	Bad	August	Standard
Pres.& Gen.Mgr.							
Com. A Cor.							
Com. B Cor.							
Development							
Personnel							
Int. Relations							
Purchasing							
Finance							
Accounting							
Credits							
MANAGEMENT	16.000.	1.967.	1.987.	20.		.0187	.0201
Production							
Shops							
Routing							
Cost							
Stores							
Maintenance							
PRODUCTION	16.000	2.197.	2.147.		50.	.0331	.0300
Distribution							
Sales Infor.							
Advertising							
Merchandise							
DSTRBTN. OV.HD.	16.000.	613.	597.		16.	.0300	.0290
Com. A Sales	9.250.	21.	16.		5.	.0015	.0010
Com. A Bran.	2.000.	428.	420.		8.	.1440	.1400
Com. A Jobb.	7.000.	911.	872.		39.	.1206	.1150
Com. A Exp.	.250.	50.	51.	1.		.1420	.1480
Com. B Sales	6.750.	19.	13.		6.	.0019	.0010
Com. B Bran.	5.000.	877.	827.		50.	.1200	.1100
Com. B Jobb.	1.000.	148.	168.	20.		.1350	.1550
Com. B Exp.	.750.	103.	102.		1.	.1119	.1107
DISTRIBUTION	16.000.	3.170.	3.066.	21.	125.	.1565	.1500
MATERIALS	16.000.	4.750.	4.800.	50.		.2969	.3000
DIRECT LABOR	16.000.	3.300;	3.200.		100.	.2062	.2000
SALES	16.000.	15.384.	15.200.	91.	271.	.7114	.7000
COST	15.384.						
PROFIT	$616.						

Equal to increase in Net Assets as shown on ASSETS AND LIABILITY STATEMENT.

OPERATING SUMMARY EXPRESSED IN PERCENT OF SALES AT LIST.

7 Months to August 31st, 1921.

ELEMENTS	Commodity A		Commodity B	
	Standard	Actual	Standard	Actual
Management	.0200	.0187	.0200	.0187
Production	.0300	.0331	.0300	.0331
Materials	.3000	.2969	.3000	.2969
Direct Labor	.2000	.2062	.2000	.2062
INVENTORY COSTS	.5500	.5549	.5500	.5549
Distribution Overhead	.0290	.0300	.0290	.0300
Commodity Sales Supervision	.0010	.0015	.0010	.0019
BASIC SALES COST	.5800	.5864	.5800	.5868
Branch Sales Supervision	.1400	.1440	.1100	.1200
BRANCH SALES COST	.7200	.7304	.6900	.7068
Basic Sales Cost	.5800	.5864	.5800	.5868
Jobbers Sales Supervision	.1150	.1206	.1550	.1350
JOBBERS SALES COST	.6950	.7070	.7350	.7218
Basic Sales Cost	.5800	.5864	.5800	.5868
Export Sales Supervision	.1480	.1420	.1107	.1117
EXPORT SALES COST	.7280	.7284	.6907	.6985

OPERATING STATEMENT SHOWS THE SAME VALUE OF GOODS SOLD AS PRODUCED.

If production has been say $1,000,000. in excess of sales, we would have added to the profit arrived at as shown on Operating Statement the excess production at the above Inventory Cost.

Profit as shown on Operating Statement	$616,000.
Excess production over sales $1,000,000. @ 55%	55,000.
	$671,000.

If sales had been say $1,000,000. in excess of production, we would have deducted from the profit arrived at as shown on Operating Statement the excess sales at the above Inventory Cost.

Profit as shown on Operating Statement	$616,000.
Excess sales over production $1,000,000. @ 55%	55,000.
	$561,000.

Date Due

235 W67
Williams, J. H.
Work of chief executive
6 Feb '32 M
APR 12 1933
Prof Kesler
recalled 4/6/33

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AUG 18 1994
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